

8 Essential Dos and Don'ts for Representing Buyers in Multiple Offer Situations



By **Matthew Rathbun**, ABR®, ABRMSM, CRB, CRS, GRI

Among all the skills buyer representatives must master, helping clients contend with a strong seller's market may top the list of your most difficult challenges, especially if more than one buyer wants a property.

Multiple offers pose a “perfect storm” of competing interests, potential misunderstandings, and fierce emotions. How can you improve your outcomes?

There are no simple answers for this complicated situation. However, these tips can go a long way towards helping your buyers achieve better results.

1. DO make sure your buyers understand sellers' options.

Typically, sellers are not obligated to respond to an offer, reveal the existence of other offers, or maintain confidentiality regarding an offer's contents.

That means you should warn buyers that they may not know if they are in a multiple offer situation. It also means that the seller can use the terms and existence of their offer to solicit better offers, unless confidentiality is required by state law or by a confidentiality agreement between the parties.

Likewise, advise your buyers that sellers are under no obligation to respond to every purchase contract that they receive. If better offers are available, a seller may ignore and reject your buyer's contract.

2. DO discuss all of the options available to your buyers to make their offer more appealing, including putting down extra earnest money or providing flexibility on closing dates.

Waiving contingencies and inspections can be risky and should be weighed against the overall desire to purchase the property.

3. DO prepare and review a CMA of the subject property with the buyer.

A solid written market analysis will help reassure the buyer that their offer is still a fair market value and competitive even if higher than the asking price. To brush up on your CMA skills, check out NAR's Pricing Strategy Advisor (PSA) certification course. (See sidebar.)

Buyers are often concerned that their offer price is too high, and it's too big of a sacrifice to give up things like inspections to win in a competitive offer situation. If they are sure they are paying a fair price, they will be less focused on buyer's remorse.

4. DO create a written buyer's guide on multiple offers and review it with buyers before making an offer.

In addition to educating your buyers on the process, a guide like this will provide valuable reminders, ensuring that you haven't forgotten any important points you want to make.

There are also numerous actions you should avoid.

5. DON'T include any unnecessary demands in the purchase offer.

Buyers can always withdraw their offer if they change their minds before ratification or become impatient with the negotiation process.

For example, an automatic offer expiration may offend the seller or make them believe that the buyer is too demanding.

6. DON'T neglect to humanize your offer.

Before presenting an offer, call the listing agent and discuss what the seller may find valuable. Sometimes a seller has particular needs that are more important than price.

This could help your buyers write an offer that caters to the seller's needs. It also helps build rapport with the listing agent and possibly with the sellers too. It's okay to mention your buyer's love of the home, as long as you don't violate any confidentiality issues or introduce fair housing concerns.

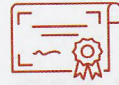
7. DON'T make statements that will lead a buyer to believe their offer will be accepted before it is.

Setting unrealistic expectations can irritate buyers. Plus, it's harder to encourage healthy, open negotiations if you've led your buyer to believe the seller is unreasonable if they ask for more than what was offered.

Instead, help buyers understand that counteroffers are a natural part of the negotiation process, especially if the seller is seeking better terms that match competing offers from other buyers.

8. DON'T offer any concessions or commit your clients to any courses of action for contract terms without your buyer's permission.

It's best to build a negotiation plan with your buyers and even get their written consent before proposing any terms to listing agents. ★



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Matthew Rathbun is a veteran instructor with a unique blend of geekiness, humor and an in-depth knowledge of the practice of real estate. Matthew is the Executive Vice President of a large, multi-office firm in Virginia and has served in various capacities in the local, state and National Association of REALTORS®.

